

AMENDED IN ASSEMBLY APRIL 26, 2005

CALIFORNIA LEGISLATURE—2005–06 REGULAR SESSION

ASSEMBLY BILL

No. 1482

Introduced by Assembly Member Canciamilla

February 22, 2005

An act to amend Section 15146 to the Education Code, relating to education finance.

LEGISLATIVE COUNSEL'S DIGEST

AB 1482, as amended, Canciamilla. School district bonds.

Existing law allows a school district governing board to sell bonds at a negotiated sale or by competitive bidding.

This bill would require a school district governing board to sell bonds by competitive bidding, as specified. This bill would allow the governing board of a ~~distressed school districts, as defined, district~~ to sell bonds at a negotiated sale *only if the sale is approved by either the treasurer of the county in which the school district is located or by the Treasurer one of several specified conditions applies to the district. This bill would require that a negotiated bond sale be approved by either the treasurer of the county in which the school district is located or by the State Treasurer.*

Vote: majority. Appropriation: no. Fiscal committee: no.
State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. Section 15146 of the Education Code is
- 2 amended to read:
- 3 15146. (a) The bonds shall be issued and sold pursuant to
- 4 Section 15140, payable out of the interest and sinking fund of the

1 district. The governing board shall sell the bonds by competitive
2 bidding. Except as provided in subdivision (f), the bonds may be
3 sold at a discount not to exceed 5 percent and at an interest rate
4 not to exceed the maximum rate permitted by law. In selling the
5 bonds by competitive bid, the governing board shall comply with
6 Sections 15147 and 15148. The bonds shall be sold by the
7 governing board no later than the date designated by the
8 governing board as the final date for the sale of the bonds.

9 (b) The proceeds of the sale of the bonds, exclusive of any
10 premium received, shall be deposited in the county treasury to
11 the credit of the building fund of the school district, or
12 community college district as designated by the California
13 Community Colleges Budget and Accounting Manual. The
14 proceeds deposited shall be drawn out as other school moneys
15 are drawn out. The bond proceeds withdrawn shall not be applied
16 to any other purposes than those for which the bonds were
17 issued. Any premium or accrued interest received from the sale
18 of the bonds shall be deposited in the interest and sinking fund of
19 the district.

20 (c) The governing board may cause to be deposited proceeds
21 of sale of any series of the bonds in an amount not exceeding 2
22 percent of the principal amount of the bonds in a costs of
23 issuance account, which may be created in the county treasury or
24 held by a fiscal agent appointed by the district for this purpose,
25 separate from the building fund and the interest and sinking fund
26 of the district. The proceeds deposited shall be drawn out on the
27 order of the governing board or an officer of the district duly
28 authorized by the governing board to make the order, only to pay
29 authorized costs of issuance of the bonds. Upon the order of the
30 governing board or duly authorized officer, the remaining
31 balance shall be transferred to the county treasury to the credit of
32 the building fund of the school district or community college
33 district. The deposit of bond proceeds pursuant to this
34 subdivision shall be a proper charge against the building fund of
35 the district.

36 (d) The governing board may cause to be deposited proceeds
37 of sale of any series of the bonds in the interest and sinking fund
38 of the district in the amount of the annual reserve permitted by
39 Section 15250 or in any lesser amount, as the governing board
40 shall determine from time to time. The deposit of bond proceeds

pursuant to this subdivision shall be a proper charge against the building fund of the district.

(e) The governing board may cause to be deposited proceeds of sale of any series of the bonds in the interest and sinking fund of the district in the amount not exceeding the interest scheduled to become due on that series of bonds for a period of two years from the date of issuance of that series of bonds. The deposit of bonds proceeds pursuant to this subdivision shall be a proper charge against the building fund of the district.

(f) (1) Notwithstanding subdivision (a), the governing board of a ~~distressed~~ school district may sell bonds by negotiated sale if ~~the~~ any of the following conditions applies:

- (A) *The school district is a distressed school district.*
- (B) *The bonds are a refunding of an authorized bond issuance.*
- (C) *The bonds are an unrated issue.*
- (D) *The bonds are an issue that was placed for competitive bid, but received less than three bids.*
- (E) *The bonds are an issue of less than five million dollars (\$5,000,000).*

(2) *A negotiated sale may take place only if the governing board of a school district does all of the following:*

(A) *Makes a finding, at a regularly scheduled public hearing, that one of the conditions listed in subparagraphs (A) to (E), inclusive, of paragraph (1) applies to the sale.*

(B) *Includes the finding described in subparagraph (A), the amount of the proposed sale, and the proposed underwriter or underwriters for the sale in the public notice of the bond sale, pursuant to Section 15147.*

(3) *The governing board of a school district may award the bond sales contract after the public hearing described in subparagraph (A) of paragraph (2) without holding any further public hearings on the sale.*

(4) *The negotiated sale shall be approved by either the treasurer of the county in which the school district is located or by the Treasurer, provided that the sale is in compliance with the provisions of this subdivision.*

(5) *Two or more underwriters shall be included in the sales contract for any bond issue of 50 million dollars (\$50,000,000) or more sold by negotiated sale.*

1 ~~sale is approved by either the treasurer of the county in which the~~
2 ~~school district is located or by the Treasurer.~~

3 ~~(g)–~~

4 (6) For purposes of this section, “distressed school district”
5 means any school district for which the Superintendent has
6 requested the assistance of the County Office Fiscal Crisis and
7 Management Assistance Team, pursuant to subdivision (c) of
8 Section 42127.8.